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MARCH 1988
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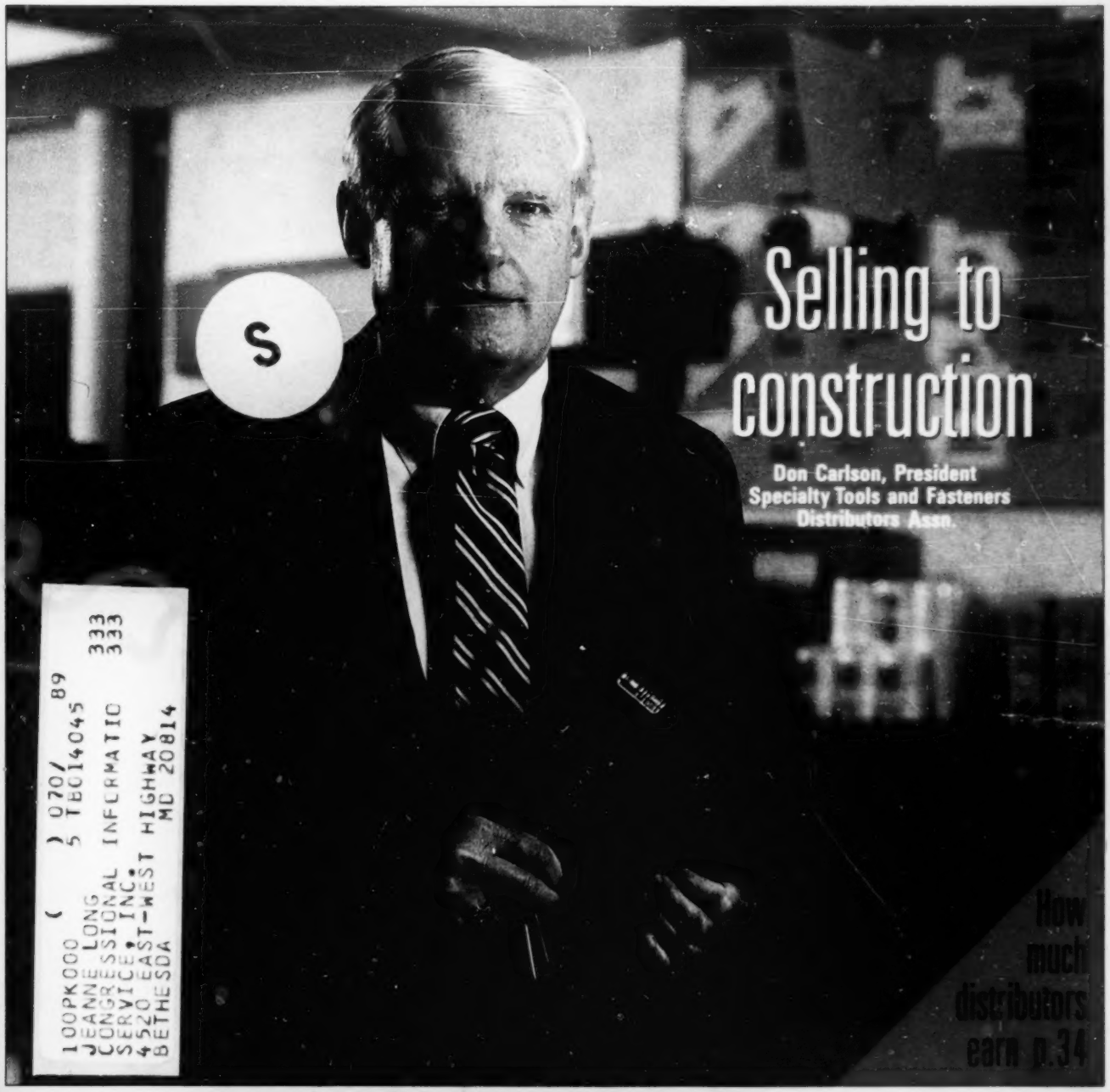
Industrial Distribution

THE BUSINESS MAGAZINE FOR INDUSTRIAL DISTRIBUTORS

SPECIAL:

Getting machine tool orders



Selling to construction

Don Carlson, President
Specialty Tools and Fasteners
Distributors Assn.

How much distributors earn p.34

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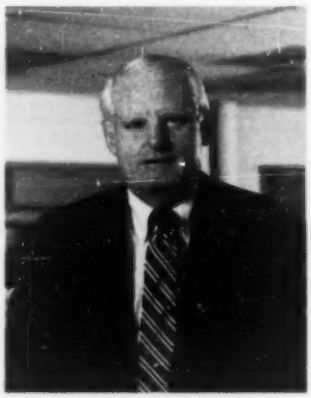

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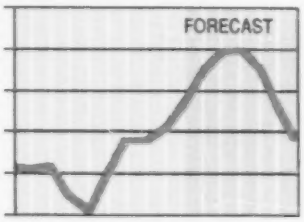

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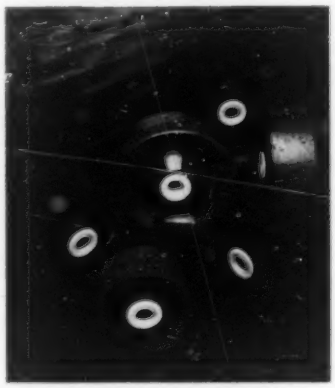

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An ID exclusive

How distribution pays itself

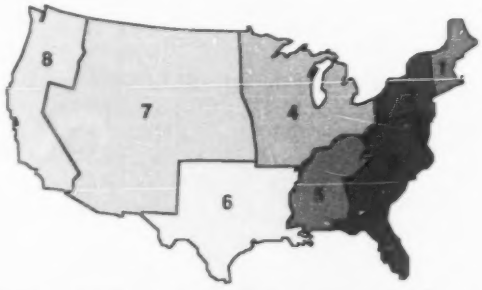
Respondents to our salary survey indicate that there is wide diversity among distributors when it comes to creating compensation packages.

By George M. Fodor, Senior Editor

Compensation programs in distribution mirror the many ways that various executives run their businesses. The industry is a mixture of product lines, generalists, specialists, and diversifications. Similarly, the new salary survey reveals that distributors create a full spectrum of base salary, commission, bonus, and incentive combinations to reward themselves and their salespeople.

One overwhelming fact shines through all of the numbers: Distributors, collectively, place well within the nation's middle economic and social class, with average salaries of $49,295.63 for executives and $41,575.08 for salespeople.

A second common thread among respondents suggests that it pays to specialize. Executives who identify themselves as specialists, for example, collectively claim a median salary of $42,000, nearly 6% higher than the $39,750 median claimed by general line executives. On the sales side, the spread is approximately 14%, with the specialists reporting a $38,200 median and the generalists coming in at $33,000.



Survey responses indicate that Mid-Atlantic executives are among the highest compensated distributors.

Clues as to why these differences exist can be found in the kind of specialties noted. Fully 27% of the executives and 47% of the salespeople who describe themselves as specialists deal in big ticket items and systems. The most frequently mentioned specialties include fluid power, power transmission